

Report Title: Affordable Housing Land Banking Strategy

Report Date: January 27, 2020

STAFF REPORT

Purpose:

The purpose of this report is to present the Greater Sudbury Affordable Housing Land Banking Strategy for Council approval. The Strategy includes a framework for evaluating surplus municipal land suitable for the development of affordable housing in conjunction with the Affordable Housing Community Improvement Plan.

Background:

Council's Corporate Strategic Plan (2015-2018) identifies the development of an affordable housing strategy, targeted to seniors and those who have low incomes, including policy review, removal of barriers and consideration of incentives as a key priority. Housing continues to be a priority in the New Corporate Strategic Plan (2019-2027), proposing to expand affordable and attainable housing options through the development of a municipal affordable housing strategy and a surplus school evaluation strategy.

The Official Plan contains a land supply policy (Section 17.4) that recommends operating a land banking program for the purpose of acquiring, subdividing, servicing and releasing land for housing to introduce competition into the land market when appropriate and to help provide sites for affordable housing. The policy states that surplus sites may be made available for the development of affordable housing where appropriate.

In 2018 Council adopted the Affordable Housing Strategy which set out 5 action items, including the Affordable Housing Community Improvement Plan (AHCIP) which was adopted in August 2018 and enables the use of Land Banking as described below. The AHCIP provides incentives for affordable housing projects that meet certain locational and design criteria. The evaluation criteria for potential land bank sites has been aligned with the criteria established in the AHCIP.

What is Affordable Housing?

Where you live impacts how you live. Having an appropriate, safe and affordable place to call home contributes to all aspects of individual health and wellbeing. It supports strong educational and economic achievement, encourages social inclusion and helps

reduce poverty. The provision of a full range and mix of housing options to meet the changing needs of the community is a fundamental component of Greater Sudbury's healthy community approach to growth and development.

Affordable or attainable housing is different from social or community housing, which is operated by the City of Greater Sudbury as well as other non-profit and cooperative housing providers to serve some of the most vulnerable households. Affordable housing serves a wide variety of people, including young people entering the housing market, seniors wanting to downsize, people in transition and those with low incomes.

Affordable ownership is defined by the Province as the least expensive of housing for which the purchase price results in accommodation costs which do not exceed 30 percent of gross annual income for low and moderate income households or a purchase price 10 percent below the average purchase price of a resale unit in the regional market area.

In 2018 the average resale price of a home in Greater Sudbury was \$266,500 (10% less = \$239,850). Based on the 30% accommodation cost, the minimum household income required for a purchase price of \$239,850 to be affordable would be \$45,000.

Affordable Rents in Greater Sudbury for 2019 (based on a 2018 Canada Mortgage and Housing Corporation (CMHC) Rental Market Survey are as follows:

- 1 Bedroom unit, Average Market Rent=\$855, Household Income Limit=\$34,000
- 2 Bedroom Unit, Average Market Rent=\$1,052, Household Income Limit=\$41,500
- 3 Bedroom Unit, Average Market Rent=\$1,211, Household Income Limit=\$51,000
- 4+ Bedroom Unit, Average Market Rent=\$1,211, Household Income Limit=\$71,000

The Federal Government, the Provincial Government and the City of Greater Sudbury have all recognized that there is a need to increase the inventory of affordable housing. Affordable Housing. A mix of affordable and market rents generally results in more financial viable projects than those that are strictly affordable rents. Mixed income developments also have a number of social, economic and environmental benefits, including: establishing closer ties amongst all segments of the community and reducing disparity among various sectors; helping to ensure the availability of a local labour force that depends on workers from all backgrounds.

What is an example of an Affordable Housing Project?

An example of the type of mixed market development that the land banking strategy is intended to facilitate is the recent development at 1351 Paris Street. On July 11, 2017 the Corporation passed a by-law to authorize an agreement with 1381 Paris Street Inc. in accordance with the rental housing component of the Investment in Affordable Housing for Ontario 2014 Extension (IAH-E) program of the Ministry of Municipal Affairs and Housing. The development consists of a 65-unit, 6-storey apartment building containing 40 affordable housing units which are to remain affordable for 20 years in accordance with the program guidelines. The target population for the development is low income seniors. The location is close in proximity to a primary health care facility, public transit, shopping in the south end as well as the downtown, and access to Bell Park, Lily Creek, Laurentian Conservation area, James Jerome Sports Field and Science North.

Land Banking Best Practices

Municipal Land Banking is a strategy that can be used in conjunction with the City's Affordable Housing Community Improvement Plan to increase affordable housing stock in various ways including:

- Divesting of sites at less than market value with an affordable housing agreement in place,
- Selling sites at full market value and utilizing the revenues to fund affordable housing development at a different location, or
- Utilizing funds to acquire strategic sites that meet locational criteria for affordable housing development.

Section 28 of the Planning Act outlines the powers available to municipalities for community improvement plans, which include acquiring, holding, clearing, grading or otherwise preparing land for community improvement in areas designated by by-law as being a community improvement project area. Powers also include selling, leasing or otherwise disposing of municipal land, in addition to allowing the provision of grants or loans, which tools currently available under the City's Affordable Housing Community Improvement Plan. The AHCIP designates all lands with the settlement boundary of the City of Greater Sudbury as a community improvement plan project area and sets additional locational and design-based eligibility criteria.

A review of best practices shows that municipalities such as Kingston, Mississauga, Ottawa, Toronto, and Peel Region already have affordable housing land banking policies or programs in place, while other municipalities such as the City of Barrie are contemplating the implementation of similar plans (see attachment A).

Discussion:

Land banking Strategy

What is an Affordable Housing Land Bank?

The City of Sudbury Affordable Housing Land Bank would be an inventory of surplus municipally owned properties (and surplus school sites when appropriate), which have been evaluated and determined to be suitable sites for future development of affordable housing. These sites would then be held by the City for future affordable housing opportunities in conjunction with the City's Affordable Housing CIP. These sites may also be further prepared for future affordable housing development, as required, while in the land bank. This preparation may include initiating planning approvals, demolishing existing structures or other site remediation to make these sites ready for future development.

Why is it important?

Land banking these sites would allow the City to be prepared should grants from the Federal or Provincial government become available. There are often tight timelines associated with funding opportunities from upper levels of government which require municipalities to be able to react very quickly. The AHCIP and land banking strategy would allow the City to ensure that the sites are appropriately zoned and held until such time as a Federal or Provincial grant becomes available, at which time the City could dispose of the land at or below fair market value and combine a land contribution with incentives offered through the AHCIP and exemptions from Development Charges subject to entering an Affordable Housing Agreement with the City. The lands would be subject to site plan control and would be required to adhere to the design criteria set out in the Affordable Housing CIP to ensure that the development would be indistinguishable from adjacent market rent development.

The development and maintenance of the Affordable Housing Land Bank will involve a number of City departments and Council in different capacities:

Real Estate: Responsible for circulating potential sites of interest. Planning staff are currently circulated potential surplus properties. Real Estate would also circulate any surplus school sites. Part of reporting to Council would include the evaluation of a site's suitability for inclusion in the affordable housing land bank.

Planning Services: Responsible for evaluating sites in relation to the criteria established through the Affordable Housing CIP. Priority will be given to sites that are transit oriented, have adequate utilities services, proximity to other services and amenities and in areas with high demand. Planning Services would also continue to serve as the primary point of contact for developers interested in the Affordable Housing CIP and would bring forward any applications under the CIP for Council's consideration.

Housing Services: Responsible for making recommendations to Council on potential development of sites in the Affordable Housing Land Bank based on need as established through the Housing Revitalization Strategy and/or potential public/private partnerships, or Government funding opportunities. Housing services would also be responsible for submitting any applications under the Planning Act that may be required to prepare a site for future development, such as applications for Zoning By-law Amendment.

Council: Responsible for approving the addition of properties to the Affordable Housing Land Bank. Council would also approve any proposals to divest or otherwise prepare sites in the Affordable Housing Land Bank for future development. Finally, Council would consider any Official Plan or Zoning By-law amendments proposed for properties in the Land Bank.

Communications and Conclusion:

As per direction from Council received on August 22, 2017, the Health and Housing Working Group has developed a Land Banking Strategy which provides a framework for evaluating the suitability of lands for the development of affordable housing and holding such lands to facilitate the development of affordable housing in the future. It is proposed that Council adopt the land banking strategy for affordable housing as proposed in this report. Ongoing communication with the service providers working group and the Development Liaison Advisory Committee (DLAC) would continue to support successful implementation of the Plan. It is further proposed that information be added to the City's Affordable Housing website advising people of the appropriate contact should they be interested in the land bank in conjunction with the AHCIP.

As discussed, properties in the Affordable Housing Land Bank may require further preparation for future use, including initiating Planning Act applications, subject to Council approval and direction. In these instances a detailed public engagement strategy would be developed and undertaken with the community.

References

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5. Health and Housing Update, July 10, 2017
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9. Affordable Housing Strategy Website <https://www.greatersudbury.ca/do-business/planning-and-development/affordable-housing-strategy/>
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12. By-law 2017-121 Authorizing Agreement with 1381 Paris Street Inc.
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